

AMENDED IN ASSEMBLY JULY 14, 2003

AMENDED IN ASSEMBLY JUNE 26, 2003

AMENDED IN SENATE APRIL 10, 2003

SENATE BILL

No. 162

Introduced by Senator Alarcon

February 11, 2003

An act to amend Sections 8869.80 and 8869.84 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 162, as amended, Alarcon. Federal tax credits: housing: teachers.

Existing law declares that a substantial public benefit is served by providing federal tax credits or reduced interest rate mortgages to assist teachers, principals, vice principals, and assistant principals who are willing to serve in low-performing schools to purchase a home. Existing law authorizes the California Debt Limit Allocation Committee to establish the Extra Credit Teacher Home Purchase Program to provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to eligible teachers, principals, vice principals, and assistant principals who agree to teach or provide administration in a low-performing school.

This bill would authorize the Extra Credit Teacher Home Purchase Program to additionally provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to other specified administrators in low-performing schools, and classified employees in a low-performing school district. It would

require priority for assistance to be given to eligible teachers, principals, vice principals, and assistant principals.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8869.80 of the Government Code is
2 amended to read:

3 8869.80. The Legislature hereby finds and declares all of the
4 following:

5 (a) The Tax Reform Act of 1986 (Public Law 99-514)
6 establishes a unified volume ceiling on the aggregate amount of
7 private activity bonds that can be issued in each state. The unified
8 volume ceiling is the product of seventy-five dollars (\$75)
9 multiplied by the state population in 1987 and fifty dollars (\$50)
10 multiplied by the state population in each succeeding calendar
11 year.

12 (b) The federal act requires each state to allocate its volume
13 ceiling according to a specified formula unless a different
14 procedure is established by Governor's proclamation or state
15 legislation.

16 (c) Therefore, it is necessary to designate a state agency and
17 create an allocation system to administer the state unified volume
18 ceiling.

19 (d) A substantial public benefit is served by promoting housing
20 for lower income families and individuals.

21 (e) A substantial public benefit is served by preserving and
22 rehabilitating existing governmental assisted housing for lower
23 income families and individuals.

24 (f) A substantial public benefit is served by providing federal
25 tax credits or reduced interest rate mortgages to assist teachers,
26 principals, vice principals, assistant principals, and classified
27 ~~school~~ employees who are willing to serve in low-performing
28 schools to purchase a home.

29 SEC. 2. Section 8869.84 of the Government Code is amended
30 to read:

31 8869.84. (a) The committee shall, as soon as is practicable
32 after the start of each calendar year, determine and announce the
33 state ceiling for the calendar year.



1 (b) The entire state ceiling for each calendar year is hereby
2 allocated to the committee to further allocate to state and local
3 agencies as provided in this chapter.

4 (c) The committee shall prepare application forms and
5 announce procedures for receipt and review of applications from
6 state and local agencies desiring to issue private activity bonds.

7 (d) The committee may at any time, before or after granting any
8 allocations in any calendar year to any state agencies or local
9 agencies, announce priorities or reservations of any part of the
10 state ceiling not theretofore allocated either for certain categories
11 of bonds or categories of issuers.

12 (e) The committee may require any issuer making an
13 application to the committee or MBTCAC for allocation of a
14 portion of the state ceiling to make a deposit, as determined by the
15 committee, of up to 1 percent of the portion requested. If an
16 allocation is not given, the deposit shall be returned. If an
17 allocation is given, the deposit shall be kept (in proportion to the
18 amount of allocation given) until bonds are issued. Upon that
19 issuance, the deposit shall be returned to the issuer in an amount
20 equal to the product of (1) the amount of the deposit retained times
21 (2) the ratio between the amount of bonds issued divided by the
22 amount of allocation granted. If no bonds are issued prior to the
23 expiration of the allocation, the deposit shall be kept, unless the
24 committee determines there is good cause to return all or part of
25 the deposit. Any portion of a deposit kept shall be deposited in the
26 fund.

27 (f) The committee may transfer part of the state ceiling to the
28 MBTCAC, to be used for qualified mortgage bonds and exempt
29 facility bonds, as those terms are used in the Internal Revenue
30 Code, for qualified residential rental projects, as those terms are
31 used in the Internal Revenue Code, (together referred to as
32 “housing bonds”), with directions and conditions pursuant to
33 which MBTCAC may allocate those amounts to issuers of housing
34 bonds at both the state and local level. In carrying out these
35 functions, MBTCAC shall act solely as directed or authorized by
36 the committee. If the committee makes the transfer to MBTCAC
37 authorized by this subdivision, the references in Sections 8869.85,
38 8869.86, 8869.87, and 8869.88 to the “committee” shall, for
39 purposes of any housing bonds, be deemed to mean MBTCAC.



1 (g) (1) The committee may establish the Extra Credit Teacher
2 Home Purchase Program to provide federal mortgage credit
3 certificates and reduced interest rate loans funded by mortgage
4 revenue bonds to eligible teachers, principals, vice principals,
5 assistant principals, classified employees, and other
6 administrators who agree to teach or provide administration or
7 service in a low-performing school; and classified employees who
8 are employed in a low-performing school district. Priority for
9 assistance shall be given to eligible teachers, principals, vice
10 principals, and assistant principals.

11 (2) For purposes of this program, the following definitions
12 shall apply:

13 (A) “Low-performing school” means a state K-12 public
14 school that is ranked in the bottom half of the Academic
15 Performance Index developed pursuant to subdivision (a) of
16 Section 52052 of the Education Code. However, priority shall be
17 given to schools that are ranked in the lowest three deciles.

18 (B) “Low-performing school district” means a school district
19 where more than 50 percent of the public schools in the district are
20 low-performing schools.

21 (C) “Classified employee” means an employee of a school
22 district, employed in a position not requiring certification
23 qualifications.

24 (3) The committee may make reservations of a portion of future
25 calendar year state ceiling limits for up to five future calendar
26 years for that program. The committee may also make future
27 allocations of the state ceiling for up to five years for any issuer
28 under that program. Any future allocation made by the committee
29 shall constitute an allocation of the state ceiling for a future year
30 specified by the committee and shall be deemed to have been made
31 on the first day of the future year so specified. The committee may
32 condition allocations under the Extra Credit Teacher Home
33 Purchase Program on any terms and conditions that the committee
34 deems necessary or appropriate, including, but not limited to, the
35 execution of a contract between the teacher, principal, vice
36 principal, assistant principal, ~~or classified employee~~ *classified*
37 *employee, or other administrator* and the issuer whereby the
38 teacher, principal, vice principal, assistant principal, ~~or classified~~
39 ~~employee~~ *classified employee, or other administrator* agrees to
40 comply with the terms and conditions of the program. The contract

may include, among other things, an agreement by the teacher, principal, vice principal, assistant principal, classified employee, or other administrator to teach or provide administration or service in a low-performing school, or by the classified employee to work for a low-performing school district, for a minimum number of years, and provisions for enforcing the contract that the committee deems necessary or appropriate.

(4) If a teacher, principal, vice principal, assistant principal, ~~or classified employee~~ *classified employee, or other administrator* does not fulfill the requirements of a contract entered into pursuant to paragraph (3), the issuer of the mortgage credit certificate or mortgage revenue bond may recover as an assessment from the teacher, principal, *vice principal*, assistant principal, ~~or classified employee~~ *classified employee, or other administrator* a monetary amount equal to the lesser of (A) one-half of the teacher's, principal's, vice principal's, assistant principal's, ~~or classified employee's~~ *classified employee's, or other administrator's* net proceeds from the sale of the related residence or (B) the amount of monetary benefit conferred on the teacher, principal, vice principal, assistant principal, ~~or classified employee~~ *classified employee, or other administrator* as a result of the federal mortgage credit certificate or reduced interest rate loan funded by a mortgage revenue bond, offset by the amount of any federal recapture, as defined by Section 143(m) of the Internal Revenue Code. The assessment may be secured by a lien against the residence, which shall decline in amount over the term of the contract as the teacher, principal, vice principal, assistant principal, ~~or classified employee~~ *classified employee, or other administrator*, fulfills the term of the contract, and which shall be collected at the time of sale of the residence. Any assessment collected pursuant to this paragraph shall be used for the issuer's costs in administering the Extra Credit Teacher Home Purchase Program. The issuers shall report annually to the committee the total amount of any assessments collected pursuant to this paragraph and how those assessments were used by the issuer.

(5) If the committee establishes the Extra Credit Teacher Home Purchase Program pursuant to this subdivision, the committee shall report annually to the Legislature the results of the program, including all of the following:

- 1 (A) The amount of state ceiling limits allocated to or reserved
2 for the program.
- 3 (B) The agencies to which state ceiling limits were issued.
- 4 (C) The number of loans or mortgage credit certificates issued
5 to teachers, principals, vice principals, assistant principals, ~~and~~
6 classified employees, *and other administrators*.
- 7 (D) The schools or school districts at which recipients of
8 assistance are employed, aggregated by decile in which the schools
9 rank on the Academic Performance Index and by the percentage
10 of uncredentialed teachers employed at the schools.
- 11 (6) The committee shall not make any reservations of future
12 calendar year state ceiling limits or future allocations of the state
13 ceiling pursuant to this subdivision on or after January 1, 2004,
14 unless a later enacted statute, that is enacted before January 1,
15 2004, deletes or extends that date. However, reservations and
16 allocations made prior to that date shall remain valid.

